

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

<p>In re:</p> <p>THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,</p> <p>as representative of</p> <p>THE COMMONWEALTH OF PUERTO RICO <i>et al.</i>,</p> <p>Debtors.¹</p>	<p>PROMESA Title III</p> <p>No. 17 BK 3283-LTS</p> <p>(Jointly Administered)</p>
<p>In re:</p> <p>THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,</p> <p>as representative of</p> <p>PUERTO RICO ELECTRIC POWER AUTHORITY,</p> <p>Debtor.</p>	<p>PROMESA Title III</p> <p>No. 17 BK 4780-LTS</p>

**LIMITED OBJECTION OF THE PREPA BOND TRUSTEE TO THE NOTICE OF
FILING OF REVISED (I) ORDER (A) AUTHORIZING DEBTOR PUERTO RICO
ELECTRIC POWER AUTHORITY TO OBTAIN POSTPETITION FINANCING, (B)
PROVIDING SUPERPRIORITY ADMINISTRATIVE EXPENSE CLAIMS, AND (C)
GRANTING RELATED RELIEF; AND (II) SUPERPRIORITY POST-PETITION
REVOLVING CREDIT LOAN AGREEMENT**

¹ The Debtors in these Title III cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's Federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 04780-LTS) (Last Four Digits of Federal Tax ID: 3747).

To The Honorable United States District Court Judge Laura Taylor Swain:

U.S. Bank National Association, solely in its capacity as trustee for the PREPA Bondholders (the “**Trustee**”), respectfully submits this Limited Objection (the “**Limited Objection**”) with respect to the *Notice of Filing of Revised (I) Order (A) Authorizing Debtor Puerto Rico Electric Power Authority To Obtain Postpetition Financing, (B) Providing Superpriority Administrative Expense Claims, and (C) Granting Related Relief; and (II) Superpriority Post-Petition Revolving Credit Loan Agreement* (ECF No. 729 at Case No. 17-BK-4780 and ECF No. 2533 at Case No. 17-BK-3283) (the “**Notice**”).² The version of Revised Proposed Financing Order and the Revised Credit Agreement attached to the Notice were much improved over the documents submitted to the Court early on Friday morning. It appears that PREPA, AAFAF and the Oversight Board took a number of comments from parties in interest, which is greatly appreciated. The Trustee is attempting in this Limited Objection not to delay the outcome and funding contemplated by the Facility, but feels constrained by a number of continuing issues.

The Trustee’s suggested changes to the Revised Proposed Financing Order are set forth on **Exhibit A**. A redline showing the proposed changes is attached as **Exhibit B**. The Trustee’s comments to the Revised Credit Agreement attached to the Notice are set forth in a redlined version attached hereto as **Exhibit C**. A redline showing the proposed changes is attached as **Exhibit D**.

These coordinated proposed revisions attempt two things in the main. First, to more fully convert the Facility from one that primes the rights of Bondholders to Revenues pledged under

² Unless otherwise noted, docket entries referred to herein are from PREPA’s Title III case, Bankruptcy Case No. 17 BK 04780-LTS. Capitalized terms used herein but not otherwise defined will have the meanings ascribed to them in the Notice.

the Trust Agreement to one that provides the Lender with the repayment status of a super-priority administrative expense claimant as ruled by the Court. The suggested changes are aimed at avoiding the taking of sides on potential disputes over the Trust Agreement or assuming the terms of a plan of debt adjustment or privatization transaction. For example, the Trustee suggests that Facility loan payments to the Lender prior to the Termination Date (i.e., effective date of a plan of debt adjustment, termination of Revolving Credit Commitment or acceleration of the Facility) be paid pursuant to the Budgets set up under the Credit Agreement to the extent cash flows support it. On and after the Termination Date, however, the Facility would be payable immediately, but only to the extent payment is available under Title III for such claims. The Movants' draft attempts to retain priming features in the Revenues that either fail to credit the Court's ruling or presume the outcome of litigation not properly before the Court. Secondly, there are changes proposed to clarify that the promises of the Authority in the Credit Agreement need to be consistent with: (i) the Authority's obligations under the Trust Agreement, without attempting to resolve what those duties are; and (ii) the Financing Order and the realities of what can legally be done under Title III of PROMESA on account of a super-priority administrative expense claim.

The Trustee has not been able to coordinate fully with its constituents in the time allowed. Accordingly, these proposed changes are submitted by the Trustee with a reservation of rights to join in the objections, if any, of the Ad Hoc Group of PREPA Bondholders, National, Assured or Syncora, and to revise proposed revisions to accord with other changes that may be suggested by its constituents.

Respectfully submitted in San Juan, Puerto Rico, on February 17, 2018.

I hereby certify that, on this same date, I electronically filed the foregoing with the clerk of the Court using the CM/ECF system for both Case No. 17-BK-4780 and Case No. 17-BK-3283, which will notify the attorneys of record.

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ATTORNEYS FOR U.S. BANK NATIONAL
ASSOCIATION, IN ITS CAPACITY AS
TRUSTEE

EXHIBIT A

PROPOSED FINANCING ORDER

EXHIBIT B

REDLINE OF PROPOSED FINANCING ORDER

EXHIBIT C

REVISED CREDIT AGREEMENT

EXHIBIT D

REDLINE OF REVISED CREDIT AGREEMENT